The Low Income Investment Fund (LIIF), Capital Impact Partners (CIP), IFF and The Reinvestment Fund (TRF), have united to create the National Charter School Lending Collaborative (NCSLC) for the purpose of increasing high-quality educational opportunities for low-income students in under-performing school districts nationally.

NCSLC is requesting up to $12MM of Credit Enhancement Program (CEP) funds to enable the delivery of $120 million in capital to 35 schools across at least 10 different high-need markets serving 15,750 students over the next five years. Grant funds will be leveraged at least 10:1 with private capital during the first 5 years of the grant. CEP funds will be used to support higher-risk projects, such as startup schools (<4 year track record), or to help established multi-school operators that are expanding to new high-need markets and launching new schools (regional startups).

Rather than creating a highly-structured, closed-end fund, NCSLC will use CEP funds “a la carte,” allowing for maximum flexibility, leverage, impact, and responsiveness to local circumstances in each market, based on the individual needs of the schools. This highly effective, flexible approach requires strong capacity and “boots on the ground” that NCSLC is well-positioned to deliver with 15 lending offices in high need markets across the country.

Together, NCSLC partners will offer a great variety of financing vehicles to targeted charter school borrowers, providing a highly efficient “one-stop shop” that includes construction loans, a proposed equity fund for school facilities in the Midwest, and a range of permanent facility financing products, such as long-term capital from the new CDFI Bond Guarantee Program that we intend to apply for and New Markets Tax Credits (NMTC). CEP funds will allow NCSLC members to provide favorable and/or flexible terms, such as higher loan to values ratios (LTVs), longer amortization periods than available through conventional sources, varied loan terms and amounts, or non-traditional collateral options (e.g., leasehold mortgages or subordinated debt).

NCSLC presents a unique opportunity for four successful lenders to come together and determine the most effective factors, tools and strategies to measure the success of charter schools, ensuring the replication of models that have the greatest positive impact on our communities. To that end, an additional focus will be placed on the evaluation of early-stage schools for which data is significantly more limited. The lending consortium will work together to share and refine underwriting standards for startup schools and disseminate these findings to other market participants during Year 5 of the performance period, with the goal of advancing the field through collaborative learning.

The partnership formed with NCSLC offers unique benefits that only collaboration between the strong partners can achieve. To date, NCSLC members, on a combined basis, have deployed $1.4B to charter schools in diverse geographic regions throughout the country. This partnership enables a national reach combined with the benefit of true local presence and expertise in high-need markets.